

MINUTES

BUDGET & FINANCE COMMITTEE
CITY OF BRANSON, MISSOURI
April 23, 2015

1) Call to Order.

The meeting of the Budget & Finance Committee was held in the Municipal Courtroom of City Hall, Thursday, April 23, 2015 at 10:00 a.m. The meeting was called to order by Mayor Karen Best.

2) Roll Call.

Members present: Mayor Karen Best, Alderwoman Cris Bohinc, Rod Romine and Pamela Yancey. Members absent: Alderman Patrick Parnell & City Administrator Bill Malinen.

Also present: Finance Director Jamie Rouch, Stacy McAllister, Carl Garrett; Marc Mulherin and Daniel Armstrong of the Branson Convention Center.

3) Discussion of Branson Convention Center First Quarter 2015 Financials.

Marc Mulherin presented the Branson Convention Center's (BCC) financials for the first quarter 2015 to the committee. He expressed optimism at the BCC's performance so far this year as the Center is currently tracking better than budgeted. Several of the groups that the BCC has hosted this year have already reserved space in 2016 as well. The Center saw revenues exceeded in three of the four areas including room rentals, catering and parking. Concession sales were down, which Marc attributed to a lower-than-expected turnout to the Pure Joy's Woman Retreat due to bad weather. The Center also saw a decrease in expenses in salaries & benefits, contracted services, general & administrative and utilities.

Marc shared survey results regarding customer & client satisfaction in the areas of the centers sales team, facility event & catering team, building operations & maintenance and food & beverage services. All areas averaged high scores and received favorable reviews. Marc pointed out that customer satisfaction ranked higher after the event ended as compared to how the Center was perceived prior to the event taking place.

The BCC has continual devotion to sustainability. The Center has continued to see a reduction in electrical consumption and has instituted glass, cardboard and metal recycling programs, as well as food composting. Additionally, the BCC has recently began a program for recycling old cooking oil. The Committee requested Marc contact city employees Keith Francis or Mona Menezes regarding programs for recycling of oils and metals.

Discussion was held on converting outdoor space at the BCC into an area that could be utilized for weddings or as an outdoor gathering space for conventions. Marc explained that the space he had in mind was currently being used to store heavy equipment being used on the Downtown Streetscape project, but that at a future time it could be converted into an outdoor venue.

Marc updated the committee on several upcoming events the BCC will be hosting in an effort to expand the types of business the center attracts. Events include weddings, a MMA fight night, a horse show in May and a basketball tournament in the summer.

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4) Regular Reports.

a) Minutes of April 2, 2015.

Rod Romine moved to accept the minutes of April 2, 2015, seconded by Pamela Yancey. Motion carried.

b) Monthly Sales & Tourism Tax Reports.

Carl reported that April sales tax receipts (for February activity) were up over 8% for the month, resulting in a 9.1% increase year-to-date. Compared to historical trends, receipts are tracking ahead of budget. Jamie added that only a 1% increase had been budgeted for 2015. Carl is hopeful to see a 3-4% increase for the year as growth has been approximately 3%. He expressed concern that growth might not be as significant in the summer as there may be an issue with lodging capacity. March tourism tax receipts were currently down 1.8%, although year-to-date receipts were up nearly 16%. The Breakdown by Business Classification report shows year-to-date growth in all classifications except campground.

Carl summarized that the purpose of the Rolling 12 Report is to give an overall indication of the economy in Branson. This report reflects tax receipts as filed in the month sales were made versus when receipts were received by the city. Carl explained that the January increase over last year was 6.7%, largely due to a great Christmas season and higher sales after Christmas compared to previous years. For the past 12 months, all areas of Branson have seen an increase in retail sales, although the Landing has been nearly static. He expects this to change with the opening of additional stores. Carl concluded that the overall economic growth rate is at 3.8% for the city.

Carl completed his report with the Unrestricted Tax reports which shows the amount of monies available after paying the city's TIF bond obligations. He explained a shift of responsibilities at the county level has generated questions from County Clerk Donna Neely as to whether the county has been properly remitting the taxes to the city. The issue of concern is regarding whether the county should be remitting 50% of the payments the business makes or 50% of what the county receives after the state withholds a 1% administrative fee. City and county leaders are meeting to discuss the proper procedure as there is no case law on the subject.

c) Financials.

i) Monthly Unaudited Financials – March 2015.

Jamie provided a summary of the financials. She explained that year-to-date, revenues are up while expenditures are down. She further explained that the city's audit ended the previous day and that the auditing firm of Allen, Gibbs & Houlik, L.C. did not recommend any entries, only suggesting some changes to the convention center internal control measures. She informed the committee that the firm will report to the Finance Committee at the May 28th meeting and will present to the board on June 9th.

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ii) Cash Reconciliation & Balance Sheet.

Jamie Rouch explained that the purpose of these documents is to show that the operating fund balance reflects the money that's reported on the monthly financials.

5) Review of Disbursements & Approval of Disbursements \$50,000 & over.

(March 28, 2015 – April 17, 2015).

Disbursements were acknowledged as presented. Pamela Yancey moved to accept the disbursements, seconded by Rod Romine. Motion carried.

6) Discussion of Branson Convention Center Capital Request.

Marc Mulherin explained to the committee that an opportunity was presented to the BCC to host some of the teams participating in the TriLakes Shootout. In order to accommodate the event, the center will need to purchase four basketball hoops at a cost of \$10,500. The hoops will be used with the court flooring that was already purchased to accommodate the futsal tournament held earlier this year. Marc explained that with this purchase he hopes to see the event return annually and it would also help open the center to additional events throughout the year.

Pamela Yancey moved to approve the Branson Convention Center's capital request, seconded by Alderwoman Cris Bohinc. Motion carried.

7) Discussion of Reimbursement to Missouri Municipal League.

Jamie briefed the committee on a class action law suit the city participated in during 2014. As a result, the city received approximately \$53,000 in payment. At the time, the city could have opted to reimburse the MML 5% of payment received for legal expenses and for future litigation. However, this option was overlooked and Jamie is recommending that the City now make this reimbursement to the MML.

Rod Romine made a motion to approve the recommendation of reimbursement to the MML for legal expenses, seconded by Pamela Yancey. Motion passed.

8) Discussion of Forward Delivery Agreement.

Jamie explained that the forward delivery agreement is related to the refinancing of the bond that occurred in February 2015, in which a debt service reserve was attached to a Forward Delivery Agreement (FDA) that extended to 2035. The city's Finance Advisor, Kelsi Spurgeon with Columbia Capital, has recommended that the city keep the FDA in place until 2020, terminating the agreement 15 years early. As the agreement is terminating early, she has advised the city to seek a termination fee of a minimum of \$750,000 as the interest rate is much higher than what the city would be able to receive in the current market. Jamie explained that she does not see any negative consequences with terminating the agreement early, and that the city will see more financial benefits through the \$750,000+ payment in addition to the \$12

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million saved through the refinancing. Jamie concluded that a final price will not be set until the day that the documents are signed due to market fluctuations.

9) Finance Director's Report.

Jamie reported that at the beginning of the week she became aware that the city had been selected for an audit by the IRS in May. The IRS expects the audit to last 3 days and will be sending a request of the documents they will need to see.

Jamie also reported that she expects to receive the next invoice for the Branson Airport pay for performance agreement.

Jamie reminded the committee that business licenses expire April 30th and that there are approximately 800 licenses that have not been renewed yet.

Jamie concluded her report with an update on the priority based budgeting process. Peer review groups have been selected and meeting will begin next week.

10) Adjourn.

The meeting adjourned on a motion by Alderwoman Cris Bohinc, seconded by Rod Romine. Motion carried.